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C O N F I D E N T I A L SECTION 01 OF 02 STATE 043586

#### SIPDIS

E.O. 12958: DECL: 04/29/2019

TAGS: PREL EUN HR SL

SUBJECT: ENCOURAGING PROGRESS ON RESOLVING SLOVENIA-CROATIA BORDER DISPUTE AND SUPPORTING CROATIA'S

EU ACCESSION

REF: A. LJUBLJANA 125

- ¶B. ZAGREB 226
- ¶C. ZAGREB 218
- 1D. ZAGREB 215
- 1E. BRADTKE-JONES-FREDEN 4/23 E-MAILS

Classified By: EUR DAS Stuart Jones for Reasons 1.4 (b,d)

- $\P1$ . (U) This is an action request cable. Please see paragraph  $\P8$ .
- 12. (SBU) BACKGROUND: The border dispute between Slovenia and Croatia has simmered since both countries declared independence from Yugoslavia in 1991. Various governments have attempted but failed to resolve the issue bilaterally over the years.
- 13. (SBU) In late 2008, the dispute flared when Slovenia blocked Croatia from opening and closing more than a dozen EU accession chapters. Slovenia maintained that documents provided by Croatia - including maps with borders drawn to reflect Croatia's claim - would prejudice a future resolution to the border dispute. In early 2009, Slovenia's parliament voted overwhelmingly to approve Croatia's accession to NATO, but a small nationalist fringe party temporarily held the process hostage by demanding a national referendum, linking NATO accession to the border dispute. Prime Minister Pahor and the leader of the National Assembly used their public leadership and creative interpretation of the Slovenian law on referenda to distinguish the NATO membership issue from the government's position on EU accession documents. This approach resulted in a decisive defeat of the effort to call a referendum and ensured a last-minute ratification, allowing Croatia to join NATO before the Strasbourg-Kehl NATO Summit.
- 14. (SBU) However, Slovenia continues to block Croatia's EU accession negotiations, citing their unaddressed concerns over the document issue. Euro-Atlantic integration has been a primary driver in the Western Balkans for reform, democratization, and inter-ethnic cooperation. Unblocking Croatia's EU path thus is important not only for Croatia, but as an important signal for the rest of the Balkans.
- 15. (SBU) In recent weeks, EU Enlargement Commissioner Olli Rehn has been exploring with the Slovenian and Croatian governments ways to resolve the bilateral border dispute and unblock Croatia's EU accession negotiations. The Slovenian and Croatian Foreign Ministers met with EU Enlargement Commissioner Olli Rehn and the EU Presidency Trio on April 22 to continue discussions. According to the Croatian Foreign Minister, President and Prime Minister, the Slovenian Political Director-equivalent and one European Commission representative, the latest April 22 Rehn proposal has the following elements:
- -- a five person arbitration panel, with one member named by Croatia, one by Slovenia and three by both countries. If both cannot agree on the three members together, the

International Court of Justice President would name the three;

- -- arbitration by the panel that would determine the border line in accordance with the principles of international law;
- -- arbitration by the panel of the regime for the bay of Piran, including Slovenian contact with international water based upon international law, fairness and good neighborly relations.

These interlocutors and the media in both Ljubljana and Zagreb reported positively that progress had been made and that the two sides moved closer to agreement. The Czech EU Presidency announced April 23 that the EU-Croatia Inter-Governmental Conference (IGC) on accession scheduled for April 24 was canceled, as was the previously scheduled one on March 27, because no action on the opening and closing of chapters could be taken given the Slovenian freeze. No new date has been set.

16. (C) Slovenia has indicated that while it is concerned with some details of the latest proposal, it is acceptable (ref a). A formal response to Rehn is expected on or about May 110. Slovenian officials have noted that the proposal calls for both parliaments to ratify the proposal as a condition of acceptance, and have categorically said that Slovenia will not lift the block on accession talks until both parliaments

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- 17. (C) Croatian President Mesic, Prime Minister Sanader and Foreign Minister Jandrokovic told us that the latest proposal was a "good and balanced one" and that "we are on the same track" (refs b, c and d). The GoC expressed concern about a reference to "Slovenian contact with international water", but Sanader indicated that this issue would not stand in the way of Croatian acceptance of the proposal, which he described as a good solution for both sides. Sanader told us that that he and Mesic will consult with parliamentary leaders on May 5, followed by Croatia's formal response to Rehn. The next meeting between Rehn and both governments is expected by mid-May.
- 18. (U) ACTION LJUBLJANA, ZAGREB, USEU AND EU CAPITALS: Department is not requesting that posts deliver a specific demarche at this time, but Embassies should draw from the following principles as necessary when discussing U.S. views of the situation with interlocutors in all capitals:

## FOR ALL CAPITALS:

- -- Euro-Atlantic integration has been a primary driver in the Western Balkans for reform, democratization, and inter-ethnic cooperation. Unblocking Croatia's EU path thus is important not only for Croatia, but as an important signal for the rest of the Balkans.
- -- We do not believe that bilateral disputes should be used to block Euro-Atlantic integration.
- -- We want Croatia and Slovenia, as neighbors and NATO members, to find a solution to their border disagreement.
- -- We support any process that both sides can agree on.
- -- We welcome the progress that had been made in the April 22 Rehn talks and urge Croatia and Slovenia to engage constructively and creatively on Rehn's proposal. We see no other process that is likely to succeed in the near and medium term future.
- -- It is in the interest of Croatia and Slovenia to maintain good neighborly relations, avoid inflammatory statements and rhetoric, and look for ways to reduce mistrust and build confidence on both sides.
- -- Both countries should not make public statements that give

the impression that the Rehn proposal is only favorable to one side; it is very important to avoid damaging the ability to get agreement of parliaments and the general public in both countries.

# FOR LJUBLJANA ONLY:

-- Slovenia needs to de-link the accession talks from the border issue. The Rehn process is the best way to achieve this. It satisfies Slovenia's requirement that equitable principles be considered in the arbitration and also requires a binding commitment from Croatia to the process and to its result. Croatia's EU accession should not be tied to - or delayed until - the final outcome of this process.

#### FOR ZAGREB ONLY:

- -- Croatia needs to join the Rehn process if it wants to complete accession negotiations this year. The proposal contains important elements of international law that Croatia had insisted upon, and we hope you respond quickly and positively to the proposal.
- -- Croatia still needs to accelerate progress on other issues key to completing your EU negotiations, such as justice reform, ICTY cooperation and shippard privatization.

### FOR EU CAPITALS ONLY:

-- We support EU efforts to resolve this impasse and stand ready to provide support. We welcome your ideas on how the U.S. can or should play a useful role in encouraging both sides to come to resolution. CLINTON